
TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2012

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2012

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson (the Town), as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and, each major fund of the Town, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2013 on our consideration of the Town of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and 36 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Donaldsonville, Louisiana
March 18, 2013

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson, Louisiana (the Town), as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. [2012-1].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item [2012-2].

We noted certain matters that we reported to management of the Town, in a separate letter dated March 18, 2013.

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert J. Matthews, Jr.

Donaldsonville, Louisiana
March 18, 2013

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on September 30, 2012. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$414,874 or 9.69% over the course of this year's operations. Net assets of our governmental activities increased \$449,619 (or 27.95%) while those of our business-type activities decreased \$34,745 (or 1.30%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer and gas delivery systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water, sewer and gas systems	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.
- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

	Table A-1	
	Town's Net Assets	
	Governmental Activities	Governmental Activities
	2012	2011
Current and other assets	\$ 369,854	\$ 329,465
Capital assets	1,249,376	779,001
Total assets	1,619,230	1,108,466
Current liabilities	(439,036)	(500,181)
Total liabilities	(439,036)	(500,181)
Net assets		
Invested in capital assets,		
net of related debt	1,249,376	779,001
Restricted funds	707,565	766,896
Unrestricted (deficit)	101,325	62,750
Total net assets	\$ 2,058,266	\$ 1,608,647

	Table A-1	
	Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2012	2011
Current and other assets	\$ 1,105,663	\$ 1,081,534
Capital assets	2,353,653	2,457,806
Total assets	3,459,316	3,539,340
Current liabilities	615,305	628,963
Long term Liabilities	207,627	239,248
Total liabilities	822,932	868,211
Net assets		
Invested in capital assets,		
net of related debt	2,125,761	2,213,974
Restricted funds	599,965	593,009
Unrestricted (deficit)	(89,342)	(135,854)
Total net assets	\$ 2,636,384	\$ 2,671,129

Net assets of the Town's governmental activities increased 27.95 percent to approximately \$2.1 million.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

Changes in net assets. The Town's total change in net assets was \$414,874; \$449,619 from governmental activities and (\$34,745) from business-type activities. The changes in net assets result from those activities' revenues exceeding (or falling short) of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

	Table A-2	
	Changes in Town's Net Assets	
	Governmental Activities	Governmental Activities
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 36,032	\$ 35,751
Operating grants	516,912	100,237
General revenues		
Taxes	470,241	396,888
Licenses and permits	79,260	87,109
Miscellaneous	161,512	137,206
Total revenues	1,263,957	757,191
Expenses		
General government	542,416	493,401
Public safety	452,149	437,335
Recreation	4,773	6,867
Total expenses	999,338	937,603
Transfers	185,000	175,000
Increase (decrease) in net assets	\$ 449,619	(\$ 5,412)

	Table A-2	
	Changes in Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2012	2011
Revenues		
Program revenues		
Charges for services	\$ 825,527	\$ 920,193
Operating grants	41,613	81,315
General revenues		
Miscellaneous	7,585	(4,140)
Total revenues	874,725	997,368
Expenses		
Services – Utilities	724,470	747,253
Total expenses	724,470	747,253
Transfers	(185,000)	(175,000)
Increase (decrease) in net assets	(\$ 34,745)	\$ 75,115

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$822,561, consisting of \$114,996 in the general fund and \$707,565 in the special revenue fund. The \$114,996 in the general fund is unassigned and available for spending. The \$707,565 in the special revenue fund is reserved in order to maintain streets and sidewalks.

General Fund Budgetary Highlights

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Increased sales tax revenues.

Under the revised budget, the general fund operated at a net surplus of \$7,252, which was \$5,560 more than the originally budgeted surplus of \$1,692.

CAPITAL ASSETS

At the end of September 30, 2012, the Town had invested approximately \$3.6 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net increase (including additions and deductions) of \$366,222 or 11.31 percent over last year.

	Table A-3 Town's Capital Assets (net of depreciation)			
	Governmental Activities		Business Activities	
	2012	2011	2012	2011
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	138,936	151,828	11,521	13,570
Other Improvements	673,328	161,760	2,309,753	2,414,351
Equipment	411,112	439,413	14,079	11,585
Total	\$ 1,249,376	\$ 779,001	\$ 2,353,653	\$ 2,457,806

This year's major capital asset additions included:

- A street overlay project of approximately \$567,000, a backhoe totaling approximately \$60,000 and new automated water meters of approximately \$42,000.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund have historically consisted of property taxes, utility franchise fees, licenses and permits, and fines. However, a general use sales tax was passed by the voters of East Feliciana Parish which is now allocated to municipalities within the Parish. Gas revenue fluctuates according to the Town's cost. Expenses of the utility fund are not expected to increase substantially, except for the costs of gas, which may continue an increasing trend from the past several years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748, (225) 634-7777.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 285,302	\$ 972,397	\$ 1,257,699
Property tax receivable	3,603	-	3,603
Accounts receivable (net)	-	112,311	112,311
Due from other governmental agencies	58,802	-	58,802
Accrued interest receivable	101	955	1,056
Other receivables	22,046	20,000	42,046
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	1,223,376	2,335,353	3,558,729
TOTAL ASSETS	1,619,230	3,459,316	5,078,546
<u>LIABILITIES</u>			
Accounts payable	28,592	22,091	50,683
Accrued liabilities	17,262	12,002	29,264
Internal balances	(484,890)	484,890	-
Accrued interest payable	-	4,121	4,121
Customer service meter deposits	-	76,057	76,057
Long-term liabilities:			
Due within one year	-	16,144	16,144
Due in more than one year	-	207,627	207,627
TOTAL LIABILITIES	(439,036)	822,932	383,896
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,249,376	2,125,761	3,375,137
Restricted for:			
Streets and sidewalks	707,565	-	707,565
Bond debt service	-	562,028	562,028
Customer deposits	-	37,937	37,937
Unrestricted	101,325	(89,342)	11,983
TOTAL NET ASSETS	\$ 2,058,266	\$ 2,636,384	\$ 4,694,650

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:						
General government	\$ 542,416	\$ -	\$ -	\$ (542,416)	\$ -	\$ (542,416)
Public safety	452,149	36,032	516,912	100,795	-	100,795
Recreation	4,773	-	-	(4,773)	-	(4,773)
Total governmental activities	<u>999,338</u>	<u>36,032</u>	<u>516,912</u>	<u>(446,394)</u>	<u>-</u>	<u>(446,394)</u>
Business-type:						
Utilities - Gas	239,726	221,639	-	-	(18,087)	(18,087)
Utilities - Water	240,119	273,339	41,613	-	74,833	74,833
Utilities - Sewer	244,625	330,549	-	-	85,924	85,924
Total business-type activities	<u>724,470</u>	<u>825,527</u>	<u>41,613</u>	<u>-</u>	<u>142,670</u>	<u>142,670</u>
Total Town of Jackson	<u>\$ 1,723,808</u>	<u>\$ 861,559</u>	<u>\$ 558,525</u>	<u>\$ (446,394)</u>	<u>\$ 142,670</u>	<u>\$ (303,724)</u>
General Revenues:						
Taxes				470,241	-	470,241
Licenses and permits				79,260	-	79,260
Intergovernmental				4,427	-	4,427
Interest				519	913	1,432
Transfers (to)/from other funds				185,000	(185,000)	-
Other				156,566	6,672	163,238
Total general revenues				<u>896,013</u>	<u>(177,415)</u>	<u>718,598</u>
Change in net assets				449,619	(34,745)	414,874
Net Assets - September 30, 2011				<u>1,608,647</u>	<u>2,671,129</u>	<u>4,279,776</u>
Net Assets - September 30, 2012				<u>\$ 2,058,266</u>	<u>\$ 2,636,384</u>	<u>\$ 4,694,650</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	\$ 34,464	\$ 203,022	\$ 237,486
Certificates of deposit	5,705	42,111	47,816
Property taxes receivable	3,603	-	3,603
Other accounts receivable	22,046	-	22,046
Due from other governmental agencies	29,512	29,290	58,802
Due from other funds	462,326	435,327	897,653
Accrued interest receivable	12	89	101
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 557,668	\$ 709,839	\$ 1,267,507
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	\$ 26,780	\$ 1,812	\$ 28,592
Accrued liabilities	3,129	462	3,591
Due to other funds	412,763	-	412,763
	<hr/>	<hr/>	<hr/>
	442,672	2,274	444,946
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted for			
Streets and sidewalks	-	707,565	707,565
Unassigned, reported in			
General fund	114,996	-	114,996
	<hr/>	<hr/>	<hr/>
	114,996	707,565	822,561
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 557,668	\$ 709,839	\$ 1,267,507
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Total fund balances - Governmental Funds		\$	822,561
Cost of capital assets at September 30, 2012	\$	3,067,708	
Less: accumulated depreciation as of September 30, 2012	<u>(1,818,332)</u>		1,249,376
Long-term liabilities at September 30, 2012:			
Compensated absences payable		<u>(13,671)</u>	
Total net assets at September 30, 2012 - Governmental Activities		<u>\$</u>	<u>2,058,266</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>REVENUES</u>			
Taxes	\$ 248,088	\$ 222,153	\$ 470,241
Licenses and permits	79,260	-	79,260
Intergovernmental revenues	4,427	-	4,427
Fines and forfeitures	36,032	-	36,032
Interest	68	451	519
Grants - other	21,740	495,172	516,912
Other revenue	141,766	14,800	156,566
Total revenues	<u>531,381</u>	<u>732,576</u>	<u>1,263,957</u>
<u>EXPENDITURES</u>			
General government	221,527	791,907	1,013,434
Public safety	452,149	-	452,149
Recreation	4,773	-	4,773
Total expenditures	<u>678,449</u>	<u>791,907</u>	<u>1,470,356</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(147,068)	(59,331)	(206,399)
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	-	-
Transfers in	185,000	-	185,000
Total other financing sources	<u>185,000</u>	<u>-</u>	<u>185,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	37,932	(59,331)	(21,399)
<u>FUND BALANCES</u>			
Beginning of year	77,064	766,896	843,960
End of year	<u>\$ 114,996</u>	<u>\$ 707,565</u>	<u>\$ 822,561</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2012

Net change in fund balances - governmental funds	\$ (21,399)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Capital outlay capitalized	643,169
Depreciation expense for the year ended September 30, 2012	(172,794)
Excess of compensated absences earned over amounts used	<u>643</u>
Change in net assets of governmental activities	<u><u>\$ 449,619</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
PROPRIETARY FUND
SEPTEMBER 30, 2012

ASSETS

CURRENT ASSETS

Cash	\$ 296,375
Accounts receivable (net)	112,311
Accrued interest receivable	955
Other receivables	20,000
Total current assets	<u>429,641</u>

RESTRICTED ASSETS

Cash and certificates of deposit	
Revenue bond debt service	562,028
Customers' service meter deposits	113,994
Total restricted assets	<u>676,022</u>

PROPERTY, PLANT, AND EQUIPMENT

Land	18,300
Buildings	70,909
Improvements and infrastructure	5,663,696
Equipment	94,678
	<u>5,847,583</u>
Less: allowance for depreciation	(3,493,930)
Net property, plant, and equipment	<u>2,353,653</u>
Total Assets	<u><u>\$ 3,459,316</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 22,091
Public utility revenue bond payable due within one year	16,144
Accrued interest payable	4,121
Customers' service meter deposits	76,057
Due to other funds	484,890
Other current liabilities	12,002
Total current liabilities	<u>615,305</u>

LONG-TERM LIABILITIES

Public utility revenue bond payable - due after one year	99,107
Other liabilities	108,520
Total long-term liabilities	<u>207,627</u>
Total Liabilities	<u>822,932</u>

NET ASSETS

Invested in capital assets, net of related debt	2,125,761
Restricted for debt service	562,028
Restricted - customer deposits	37,937
Unrestricted	(89,342)
Total Net Assets	<u>2,636,384</u>
Total Liabilities and Net Assets	<u><u>\$ 3,459,316</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

OPERATING REVENUES

Gas sales	\$ 214,870
Water sales	266,570
Sewerage sales	323,779
Penalties and service charges	20,308
Total operating revenues	<u>825,527</u>

OPERATING EXPENSES

Salaries	163,654
Wages	42,551
Audit and accounting	12,950
Depreciation	174,289
Electricity	19,042
Employees' retirement expense	27,831
Engineering fees	6,194
Gas purchases	71,546
Insurance	64,827
Legal	1,350
Maintenance, repairs, and supplies	78,265
Miscellaneous	13,634
Printing, stationery, and supplies	13,388
Water pumpage charge	289
Truck expense	18,704
Utilities	9,973
Total operating expenses	<u>718,487</u>

INCOME FROM OPERATIONS

107,040

NON-OPERATING REVENUES (EXPENSES)

Interest revenues	913
Miscellaneous revenues	6,672
Interest expense	(5,983)
Gain/loss on disposal of fixed assets	-
State grant revenue	41,613
Federal grant revenue	-
Total non-operating revenues (expenses)	<u>43,215</u>

Income before transfers and contributions

150,255

Operating transfers in	-
Operating transfers out	<u>(185,000)</u>

CHANGE IN NET ASSETS

(34,745)

Net assets - beginning of year	<u>2,671,129</u>
Net assets - end of year	<u><u>\$ 2,636,384</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 819,521
Cash paid to suppliers for goods and services	(315,902)
Cash paid to employees for services	(205,013)
Net cash provided by operating activities	<u>298,606</u>

CASH FLOWS FROM NON-CAPITAL

FINANCING ACTIVITIES

Operating transfers out	(244,544)
Other revenue	6,672
Net cash used for non-capital financing activities	<u>(237,872)</u>

CASH FLOWS FROM CAPITAL AND

RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(70,136)
Principal paid on revenue bonds	(15,477)
Interest paid on revenue bonds and notes	(6,446)
Proceeds from capital grant	41,613
Net cash used in capital and related financing activities	<u>(50,446)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on investments	<u>1,496</u>
Net cash provided by investing activities	<u>1,496</u>

Net increase in cash and cash equivalents	11,784
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Cash and cash equivalents - beginning of year	<u>960,613</u>
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Cash and cash equivalents - end of year	<u>\$ 972,397</u>
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Cash shown on balance sheet under:

Current assets	296,375
Restricted assets	<u>676,022</u>

	<u>\$ 972,397</u>
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The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

RECONCILIATION OF LOSS FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Income from operations	\$ 107,040
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	174,289
Net change in assets and liabilities:	
Accounts receivable	(12,928)
Accounts payable	22,091
Customer service meter deposits	6,922
Accrued payroll	174
Compensated absences	1,018
Total adjustments	<u>191,566</u>
Net cash provided by operating activities	<u>\$ 298,606</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Jackson conform to accounting principles generally accepted in the United States of America as applicable to governmental units on a consistent basis between periods. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

Financial reporting entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the assets and liabilities of each activity, with the difference reported as net assets. Net assets are further segregated between the amounts invested in capital assets, amounts which are restricted, and those which are unrestricted.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Special Revenue Fund - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and employ the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgets and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

6. Budgets for the general, special revenue, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America.
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
8. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

Capital assets

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	25	years
Gas plant and structures	25	years
Office equipment	5-10	years
Automotive equipment	3-7	years
Street improvements	10	years
Buildings	40	years
Heavy machinery	10-15	years

All capital assets are stated at historical cost.

Cash and investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Accounts receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the collectability of the particular receivable.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Transfers in and out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of cash flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Operating vs. non-operating revenue

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Non-operating revenues, such as grant subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Compensated absences

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Equity Classifications

Government-wide Statements: In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements: In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts, and finally unassigned amounts, as needed, unless the Town has provided otherwise in its committed or assignment actions.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2012, are as follows:

Governmental activities:

	Land	Buildings	Streets, Sidewalks and Park Improvements	Equipment	Total
Cost of capital assets at September 30, 2011	\$ 26,000	\$ 406,317	\$ 477,304	\$ 1,514,918	\$ 2,424,539
Additions	-	-	567,372	75,797	643,169
Deletions	-	-	-	-	-
Cost of capital assets at September 30, 2012	<u>26,000</u>	<u>406,317</u>	<u>1,044,676</u>	<u>1,590,715</u>	<u>3,067,708</u>
Accumulated depreciation September 30, 2011	-	254,489	315,544	1,075,505	1,645,538
Additions	-	12,892	55,804	104,098	172,794
Deletions	-	-	-	-	-
Accumulated depreciation at September 30, 2012	<u>-</u>	<u>267,381</u>	<u>371,348</u>	<u>1,179,603</u>	<u>1,818,332</u>
Capital assets, net of accumulated depreciation at September 30, 2012	<u>\$ 26,000</u>	<u>\$ 138,936</u>	<u>\$ 673,328</u>	<u>\$ 411,112</u>	<u>\$ 1,249,376</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. **Capital Assets** (continued)

Business-Type activities:

	<u>Land</u>	<u>Buildings</u>	<u>Improvements & Infrastructure</u>	<u>Equipment</u>	<u>Total</u>
Cost of capital assets at September 30, 2011	\$ 18,300	\$ 70,909	\$ 5,602,560	\$ 101,568	\$ 5,793,337
Additions	-	-	61,136	9,000	70,136
Deletions	-	-	-	(15,890)	(15,890)
Cost of capital assets at September 30, 2012	<u>18,300</u>	<u>70,909</u>	<u>5,663,696</u>	<u>94,678</u>	<u>5,847,583</u>
Accumulated depreciation September 30, 2011	-	57,339	3,188,208	89,984	3,335,531
Additions	-	2,049	165,735	6,505	174,289
Deletions	-	-	-	(15,890)	(15,890)
Accumulated depreciation at September 30, 2012	<u>-</u>	<u>59,388</u>	<u>3,353,943</u>	<u>80,599</u>	<u>3,493,930</u>
Capital assets, net of accumulated depreciation at September 30, 2012	<u>\$ 18,300</u>	<u>\$ 11,521</u>	<u>\$ 2,309,753</u>	<u>\$ 14,079</u>	<u>\$ 2,353,653</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Long-term obligations

Business Type Activities:

	Balance 9/30/11	Additions	Retirements	Balance 9/30/12	Principal Due Within One Year
1979 water system revenue bonds	\$ 130,728	\$ -	\$ 15,477	\$ 115,251	\$ 16,144
Amounts due to Louisiana Dept. of Transportation	108,520	-	-	108,520	-
	<u>\$ 239,248</u>	<u>\$ -</u>	<u>\$ 15,477</u>	<u>\$ 223,771</u>	<u>\$ 16,144</u>

During the year ended September 30, 1980, the Town issued \$373,000 of bonds in order to finance the upgrade and expansion of its water system. These bonds, which were dated January 18, 1979, are due in annual installments of \$21,924, including interest at 5.00%, through January 21, 2019.

The annual requirements to amortize all of the outstanding water system revenue bonds as of September 30, 2012 are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Amount</u>
2013	5,780	16,144	21,924
2014	4,972	16,952	21,924
2015	4,125	17,799	21,924
2016	3,235	18,689	21,924
2017	2,300	19,624	21,924
2018-2019	1,608	26,043	27,651
	<u>\$ 22,020</u>	<u>\$ 115,251</u>	<u>\$ 137,271</u>

As part of the Bond agreement with Rural Economic and Community Development, the Town has agreed to comply with certain covenants. These consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Ad valorem taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2nd of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2012, taxes of 6.19 mills were levied on property with assessed valuations totaling \$7,427,835 and were dedicated for general purposes.

Ad valorem taxes collected during the year ended September 30, 2012 totaled approximately \$44,636. Of this amount, \$14,394 remained uncollected at September 30, 2012. The Town has a reserve for delinquent property taxes in the amount of \$10,791, therefore the net property tax receivable at September 30, 2012 totaled \$3,603.

5. Interfund receivables and payables

Interfund receivables and payables at September 30, 2012, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 462,326	\$ 412,763
Proprietary fund	-	484,890
Special Revenue fund	435,327	-
	<u>\$ 897,653</u>	<u>\$ 897,653</u>

6. Defined benefit pension plan

Substantially all employees of the Town of Jackson are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees Retirement System of Louisiana (the System)

Plan description - the system is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town are members of Plan A.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan (continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and who are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding policy - under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year was 16.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System under Plan A during the years ending September 30, 2012, 2011, and 2010 were \$66,047, \$52,602, and \$52,982, respectively, equal to the required contributions for these years.

b. Municipal Police Employees Retirement System of Louisiana (the System)

Plan description - all full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan (continued)

Funding policy - plan members are required by state statute to contribute 10.0 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year was between 26.5 – 31 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System during the years ending September 30, 2012, 2011, and 2010 were \$24,913, \$24,686, and \$13,451, respectively, equal to the required contributions for these years.

7. Segments of enterprise activities

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2012, for these three services are as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 221,639	\$ 273,339	\$ 330,549	\$ 825,527
Operating expenses	236,734	237,128	244,625	718,487
Depreciation	586	39,578	134,125	174,289
Income (loss) before transfers and contributions	(15,095)	36,211	85,924	107,040
Change in net assets	(12,251)	76,486	(98,980)	(34,745)
Property, plant and equipment additions	-	64,375	5,761	70,136
Revenue bonds and notes payable	-	115,251	-	115,251

8. Restricted assets

In accordance with the indenture governing the public utility revenue bonds, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the public utility fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the following requirements:

- (1) The "utility system revenue bond and interest sinking fund" requires that sufficient cash be accumulated to meet the annual installment of bond principal and interest which becomes due on January 18th of each year. The required funds for the years ended September 30, 2012 were deposited timely.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Restricted assets (continued)

- (2) The "utility system revenue bond reserve fund" is supplemental to the account referred to in (1) above. The minimum balance to be maintained in this account is 20% of the amounts obligated to be deposited into the sinking fund and shall continue monthly until there is on deposit a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year, according to the bond agreement. The Town has been making monthly deposits into this account in accordance with the FmHA's letter of conditions.
- (3) The "depreciation and contingency fund" requires a minimum balance of \$5,000. The Town has also been making the required deposits into this account.

The FmHA has agreed to the terms stated in its letter of conditions addressed to the Town dated August 25, 1978. The Town has complied with these conditions.

9. Due from other governmental agencies

As of September 30, 2012 amounts due from other governmental agencies were \$58,802.

10. Sales Taxes

Streets and sidewalks

The Town receives 14.6863% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$222,153 of sales tax revenue during the year ended September 30, 2012. This tax expires December 31, 2014.

General fund

The Town receives 13.46% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$203,452 of sales tax revenue during the year ended September 30, 2012.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town does not have a deposit policy for custodial credit risk. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. The Town's bank balances (as opposed to the carrying amount below) totaled \$1,283,939. Of the bank balance, \$591,119 was secured by federal depository insurance, while \$1,037,004 was collateralized by securities held by the bank's agent in the Town's name. Therefore, the Town did not have any deposits that were exposed to custodial credit risk.

At September 30, 2012, the carrying amounts of the Town's bank deposits totaled \$1,257,699

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad valorem taxes	\$ 43,000	\$ 45,000	\$ 44,636	\$ (364)
Sales tax	170,000	200,000	203,452	3,452
Licenses and permits	85,000	80,000	79,260	(740)
Intergovernmental revenues:				
Beer taxes	800	4,500	4,427	(73)
State revenue sharing	1,500	-	-	-
Fines and forfeitures	45,000	40,000	36,032	(3,968)
Other	146,900	139,080	163,574	24,494
Total revenues	<u>492,200</u>	<u>508,580</u>	<u>531,381</u>	<u>22,801</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	191,063	209,313	221,527	(12,214)
Public safety	477,945	470,515	452,149	18,366
Recreation	6,500	6,500	4,773	1,727
Total expenditures	<u>675,508</u>	<u>686,328</u>	<u>678,449</u>	<u>7,879</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(183,308)</u>	<u>(177,748)</u>	<u>(147,068)</u>	<u>30,680</u>
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	185,000	185,000	185,000	-
Total other financing sources	<u>185,000</u>	<u>185,000</u>	<u>185,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>1,692</u>	<u>7,252</u>	<u>37,932</u>	<u>30,680</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>77,064</u>	<u>77,064</u>	<u>77,064</u>	<u>-</u>
End of year	<u>\$ 78,756</u>	<u>\$ 84,316</u>	<u>\$ 114,996</u>	<u>\$ 30,680</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 180,000	\$ 225,000	\$ 222,153	\$ (2,847)
Interest revenue	700	700	451	(249)
Miscellaneous revenue	3,500	15,000	14,800	(200)
Grant proceeds	-	-	495,172	495,172
Total revenues	<u>184,200</u>	<u>240,700</u>	<u>732,576</u>	<u>491,876</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	<u>165,000</u>	<u>266,100</u>	<u>791,907</u>	<u>(525,807)</u>
Total expenditures	<u>165,000</u>	<u>266,100</u>	<u>791,907</u>	<u>(525,807)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>19,200</u>	<u>(25,400)</u>	<u>(59,331)</u>	<u>(33,931)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>19,200</u>	<u>(25,400)</u>	<u>(59,331)</u>	<u>(33,931)</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>766,896</u>	<u>766,896</u>	<u>766,896</u>	<u>-</u>
End of year	<u>\$ 786,096</u>	<u>\$ 741,496</u>	<u>\$ 707,565</u>	<u>\$ (33,931)</u>

SUPPLEMENTARY INFORMATION

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Gas	Water	Sewerage	Actual Total	Budget Total	Variance Favorable (Unfavorable)
<u>OPERATING REVENUES</u>						
Sales	\$ 214,870	\$ 266,570	\$ 323,779	\$ 805,219	\$ 835,000	\$ (29,781)
Penalties and service charges	6,769	6,769	6,770	20,308	20,000	308
Total operating revenues	221,639	273,339	330,549	825,527	855,000	(29,473)
<u>OPERATING EXPENSES</u>						
Salaries	110,813	26,434	26,407	163,654	147,474	(16,180)
Wages	-	1,121	41,430	42,551	76,500	33,949
Audit and accounting	12,950	-	-	12,950	12,950	-
Depreciation	586	39,578	134,125	174,289	234,159	59,870
Electricity	-	18,819	223	19,042	30,000	10,958
Employees' retirement	2,264	2,264	23,303	27,831	28,000	169
Engineering fees	-	5,519	675	6,194	36,000	29,806
Gas purchases	71,546	-	-	71,546	80,000	8,454
Insurance	7,220	50,387	7,220	64,827	65,000	173
Legal	450	450	450	1,350	2,000	650
Maintenance, repairs, supplies	4,014	67,150	7,101	78,265	70,000	(8,265)
Miscellaneous	6,047	5,501	2,086	13,634	14,700	1,066
Printing, stationery, supplies	112	13,164	112	13,388	12,000	(1,388)
Water pumpage charge	-	289	-	289	-	(289)
Truck expense	17,598	553	553	18,704	15,000	(3,704)
Utilities	3,134	5,899	940	9,973	8,500	(1,473)
Total operating expenses	236,734	237,128	244,625	718,487	832,283	113,796
<u>INCOME (LOSS)</u>						
<u>FROM OPERATIONS</u>	(15,095)	36,211	85,924	107,040	22,717	84,323
<u>NON-OPERATING</u>						
<u>REVENUES (EXPENSES)</u>						
Interest revenues	(836)	1,653	96	913	7,500	(6,587)
Miscellaneous revenues	6,672	-	-	6,672	22,000	(15,328)
Interest expense	(2,992)	(2,991)	-	(5,983)	(14,000)	8,017
Gain/loss on disposal of fixed assets	-	-	-	-	-	-
State grant revenue	-	41,613	-	41,613	-	41,613
Federal grant revenue	-	-	-	-	-	-
Total non-operating	2,844	40,275	96	43,215	15,500	27,715
<u>Income (loss) before transfers and contributions</u>	(12,251)	76,486	86,020	150,255	38,217	112,038
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(185,000)	(185,000)	(185,000)	-
<u>CHANGE IN NET ASSETS</u>	<u>\$ (12,251)</u>	<u>\$ 76,486</u>	<u>\$ (98,980)</u>	<u>\$ (34,745)</u>	<u>\$ (146,783)</u>	<u>\$ 112,038</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS RESTRICTED
FOR REVENUE BOND DEBT SERVICE
SEPTEMBER 30, 2012

	Bond and Interest Redemption	Reserve	Depreciation and Contingency Fund	Total
Cash balance - September 30, 2011	\$ 101,370	\$ 56,624	\$ 43,068	\$ 201,062
Cash receipts				
Transfers from other accounts	22,080	2,172	2,172	26,424
Interest earned on investments/savings	1,687	250	68	2,005
	<u>23,767</u>	<u>2,422</u>	<u>2,240</u>	<u>28,429</u>
Cash disbursements				
Principal payments	15,477	-	-	15,477
Interest payments	6,447	-	-	6,447
	<u>21,924</u>	<u>-</u>	<u>-</u>	<u>21,924</u>
Cash balance - September 30, 2012	<u>\$ 103,213</u>	<u>\$ 59,046</u>	<u>\$ 45,308</u>	<u>\$ 207,567</u>
Investment balance - September 30, 2011	\$ 196,645	\$ -	\$ 159,340	\$ 355,985
Deductions	<u>-</u>	<u>-</u>	<u>(1,524)</u>	<u>(1,524)</u>
Investment balance - September 30, 2012	<u>\$ 196,645</u>	<u>\$ -</u>	<u>\$ 157,816</u>	<u>\$ 354,461</u>
Total cash & investment balance September 30, 2012	<u>\$ 299,858</u>	<u>\$ 59,046</u>	<u>\$ 203,124</u>	<u>\$ 562,028</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED SEPTEMBER 30, 2012

Charles Coleman P.O. Box 33 Jackson, LA 70748	\$ 14,400
Michael Harrell P.O. Box 1248 Jackson, LA 70748	3,600
Donald Havard P.O. Box 1086 Jackson, LA 70748	4,800
John McCrory 2838 JoAnn Avenue Jackson, LA 70748	3,600
Jim Mack Parker 1617 Wilson Drive Jackson, LA 70748	3,600
Rafe Stewart P.O. Box 966 Jackson, LA 70748	3,600
	<hr/>
	<u>\$ 33,600</u>

STATISTICAL DATA

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE

SEPTEMBER 30, 2012

(Without audit)

<u>Policy</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Fire and Extended Coverage - Building and Contents	Employers' Mutual	02-01-13	\$ 405,056
Public Official Bond	Dart Insurance Agency	08-30-13	65,000
Automobile Liability	Louisiana Risk Management	02-01-13	500,000
General Liability	Louisiana Risk Management	02-01-13	500,000
Police Professional Liability	Louisiana Risk Management	02-01-13	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-13	500,000
Worker's Compensation	Louisiana Risk Management	01-01-13	Statutory
Auto Physical Damage	ESSEX	02-01-13	299,790
Equipment	Employers Mutual	02-01-13	216,715

TOWN OF JACKSON, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2012
(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2012, there were 412 and 829 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2012.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

1. Gas:	Rate per 1,000 <u>Cubic Feet</u>
Minimum charge	\$ 12.00
First 1,000 cubic feet or less	15.00 + amount above \$5.00 MCF
Over 1,000 cubic feet	10.00 + amount above \$5.00 MCF

2. Water:	Rate per <u>1,000 Gallons</u>
First 2,000 gallons or less	\$ 11.50 flat rate
Next 13,000 gallons/Mgal	3.30
Next 35,000 gallons/Mgal	2.15
Over 50,000 gallons/Mgal	2.00

- (c) Average monthly billing per customer was:

Residential

1. Gas \$ 35.53

2. Water \$ 22.23

Commercial

1. Gas \$ 135.85

2. Water \$ 63.07

TOWN OF JACKSON, LOUISIANA

PUBLIC UTILITY SYSTEM OPERATIONS

SEPTEMBER 30, 2012

(Without Audit)

Variance Between Gas Purchased and Sold

<u>Year Ended</u>	<u>Gas Purchased MCF's</u>	<u>Gas Billed MCF's</u>	<u>Leakage Variance MCF's</u>	<u>Percent of Gas Purchased</u>
09/30/12	17,215	15,822	1,393	8.1
09/30/11	21,755	19,284	2,471	11.4
09/30/10	25,512	22,443	3,069	12.0
09/30/09	20,666	19,730	936	4.5
09/30/08	21,453	18,983	2,470	11.5
09/30/07	23,835	20,538	3,297	13.8
09/30/06	22,418	20,748	1,670	7.4
09/30/05	21,248	21,000	248	1.2
09/30/04	24,449	24,762	-	0.0
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	0.0
09/30/00	25,608	28,220	-	0.0
09/30/99	26,573	24,270	2,303	8.7
09/30/98	31,645	31,207	438	1.4
09/30/97	29,716	28,372	1,344	4.5
09/30/96	36,279	32,741	3,538	9.8
09/30/95	28,888	27,400	1,488	5.2
09/30/94	35,550	31,892	3,658	10.3

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Town of Jackson, Louisiana as of and for the year ended September 30, 2012.
2. One significant deficiency is reported in section B below.
3. One instance of noncompliance material to the financial statements of the Town of Jackson was disclosed during the audit.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2012-1 Segregation of Duties

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Utility software is not restricted by user, and is not protected by password login
- ◆ Traffic ticket software is not restricted by user, and administrative rights to the program are not limited to one employee.

Effect: The segregation of duties is inadequate to provide effective internal control.

Cause - Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ Management should assess all software applications and design adequate controls, whereby restricting access as appropriate, requiring user login and passwords on all software applications.

Management's Response: We concur with the finding and have assessed all software applications. We have determined that the utility software was not designed to allow user login and passwords and it would not be cost effective to purchase and implement a new program at this time. We have determined that administrative rights to the traffic ticket software program cannot be restricted to one user at this time due to the needs of each user. We will continue to monitor the applications and users.

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2012

B. FINDINGS-FINANCIAL STATEMENTS AUDIT (continued)

COMPLIANCE WITH STATE LAWS AND REGULATIONS

2012-2 Louisiana Budget Law

Criteria: Louisiana Revised Statute 39:1310, Budgetary Authority and Control requires that a budget shall be amended if there has been a change in operations upon with the original adopted budget was developed. This includes when total actual expenditures and other uses including projections, exceed the total budgeted expenditures and other uses by five percent or more.

Condition: The budget was not amended for one of its funds that have actual expenditures that exceed five percent of budgeted expenditures.

Effect: The failure to amend budgets for these funds is a violation of Louisiana Revised Statute 39:1310.

Cause: The Town did no amend budgets for one of its funds that have actual expenditures that exceed five percent of budgeted expenditures. Increase in expenditures resulted from an entry reclassifying capital outlay expenditures into the proper fund.

Recommendation: The Town shall evaluate budgets during the fiscal year end and amend budgets for each fund whose actual expenditures exceed budgeted expenditures by five percent or more.

Management's Response: Budgets will be amended in a timely manner to account for a five percent differential.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2012

MATERIAL WEAKNESS

2011-1 Segregation of Duties

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Accounting software is not restricted by user, and is not protected by password login
- ◆ Utility software is not restricted by user, and is not protected by password login
- ◆ Traffic ticket software is not restricted by user, and administrative rights to the program are not limited to one employee.

Current Status: The accounting software now has access controls requiring user name and password credentials to log in to the software. Holli Gilmore, Secretary/Treasurer, has full administrative right in the software. However, all checks require dual signatures, and the finance committee reviews bank reconciliations on a monthly basis. In regards to the utility and traffic ticket software, a similar finding was noted in the current year audit.

COMPLIANCE WITH STATE LAWS AND REGULATIONS

none

TOWN OF JACKSON

P.O. BOX 1150
1610 CHARTER STREET
JACKSON, LOUISIANA 70748
(225) 634-7777
FAX (225) 634-2233

CORRECTIVE ACTION PLAN

March 18, 2013

Louisiana Legislative Auditor

The Town of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2012.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: October 1, 2011 – September 30, 2012

The findings from the schedule of findings and questioned costs and the management letter are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2012-1 Segregation of Duties

Recommendation - Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ Management should assess all software applications and design adequate controls, whereby restricting access as appropriate, requiring user login and passwords on all software applications.

2012-1

Segregation of Duties (continued)

Action Taken - We concur with the finding and have assessed all software applications. We have determined that the utility software was not designed to allow user login and passwords and it would not be cost effective to purchase and implement a new program at this time. We have determined that administrative rights to the traffic ticket software program cannot be restricted to one user at this time due to the needs of each user. We will continue to monitor the applications and users.

2012-2

Louisiana Budget Law

Recommendation - The Town shall evaluate budgets during the fiscal year end and amend budgets for each fund whose actual expenditures exceed budgeted expenditures by five percent or more.

Action Taken - Budgets will be amended in a timely manner to account for a five percent differential.

ML-1

Sale of Fixed Assets

Recommendation - The Town should properly identify sales of assets in the general ledger. It is also recommended that the Town notify the Department of Motor Vehicles of the situation and have the Town's name cancelled from the title.

Action Taken - We concur with the finding and will properly identify all sales of fixed asset in the general ledger. Additionally, we will contact the Department of Motor Vehicles and follow the appropriate steps in order to cancel the title from the Town's name.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,



Holli Gilmore
Secretary / Treasurer

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the general-purpose financial statements of the Town of Jackson for the year ended September 30, 2012, and have issued our report thereon dated March 18, 2013. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated October 1, 2012, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Town of Jackson. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. During the course of the performance of our audit procedures and documentation of the Town's internal controls, we noted certain immaterial items that have been communicated to management by way of discussion. The following is a description of current internal control procedures, followed by items that were of such significance to comment in a formal management letter.

Finding: The cash deposit from the sale of an asset could not be identified by management in the general ledger system. P&N viewed the bill of sale signed by both parties and the bids submitted to the Town, but noted during the audit the title of the vehicle had not been transferred to the purchaser. The asset was no longer in Town's possession.

Recommendation: The Town should properly identify sales of assets in the general ledger. It is also recommended that the Town notify the Department of Motor Vehicles of the situation and have the Town's name cancelled from the title.

This information is intended solely for the use of the Board of Aldermen and management of the Town of Jackson and should not be used for any other purpose.

Postlethwaite & Netterville

March 18, 2013